

Indiana Legislative Services Agency

Fiscal Issue Brief

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Indiana's Geographically Targeted Development Programs: Professional Sports and Convention Development Areas

Introduction

P.L. 255-1997(ss) [IC 36-7-31 and IC 33-7-31.3] authorized cities and counties to establish Professional Sports and Convention Development Areas (PSCDAs). Separate statutes authorize the establishment of a PSCDA in Indianapolis/Marion County and PSCDAs in cities and counties outside of Indianapolis and Marion County. A PSCDA is a special zone where certain state and local tax revenue generated by activity at designated sports and convention facilities is diverted to a special fund for capital improvement projects within the PSCDA. The Indianapolis/Marion County PSCDA must be established by resolution of the Metropolitan Development Commission, and the PSCDAs in other cities or counties must be established by resolution of the legislative body of the establishing city or county. The resolution designating a PSCDA must be reviewed by the State Budget Committee and be approved by the State Budget Agency. No incremental tax revenue may be captured by a PSCDA unless approved by the State Budget Agency.

Locations

PSCDAs currently operate in Allen County, Evansville, Indianapolis, and South Bend. Besides the operational PSCDAs, only one other PSCDA has been established, in Huntingburg. This PSCDA is no longer operational. Table 1 lists the operational PSCDAs and the sports and convention facilities they contain.

Table 1: Professional Sports and Convention Development Area Locations and Facilities.

Location	Facility	Location	Facility
Allen County	War Memorial Coliseum	Indianapolis	Victory Field
	Grand Wayne Center		Marriott Hotel – Downtown
	IPFW Campus		Marriott Place
	Holiday Inn Hotel – Coliseum		Hyatt Regency Hotel
	Hilton Hotel – Grand Wayne Center		Westin Hotel
Evansville	Bosse Field	South Bend	Century Center
	Roberts Stadium		College Football Hall of Fame
Indianapolis	Colts Practice Center		Coveleski Stadium
	Conseco Fieldhouse		Morris Civic Auditorium
	Indiana Convention Center		Palais Royale Ballroom
	Lucas Oil Stadium		Studebaker National Museum

Source: Local unit internet websites; phone contact with local units.

Indianapolis PSCDA

Indianapolis is authorized to establish a PSCDA containing a facility or complex of facilities: (1) used in the training of a professional sports team; (2) financed by obligations issued by a political subdivision or the Indianapolis Capital Improvement Board (CIB) and used to hold professional sporting events; (3) financed through a lease with the Indiana Stadium and Convention Building Authority and used to hold professional sporting events; or (4) consisting of hotels located in a specified area of downtown Indianapolis. The initial PSCDA in Indianapolis had to be established before July 1, 1999. However, legislation was subsequently enacted allowing the Indianapolis PSCDA boundaries to be changed after May 14, 2005, to include Lucas Oil Stadium, and after June 30, 2009, to include specified hotels in downtown Indianapolis. The Indianapolis PSCDA may include noncontiguous parcels of land.

Tax Revenue Captured by the Indianapolis PSCDA

The Indianapolis PSCDA is authorized to capture incremental revenue from Sales Tax, state Income Tax, local option income taxes, and food and beverage tax generated at the sports facilities and convention center specified in Table 1. The PSCDA also is allowed to capture revenue from Sales Tax, state Income Tax, and local option income taxes generated at the hotels listed in Table 1. Table 2 reports the revenue captured by the Indianapolis PSCDA since its incipience.

Table 2: Total Revenue Captured by the Indianapolis PSCDA, FY 1998-2011.

Fiscal Year	Indianapolis
1998	5,131,578
1999	5,095,859
2000	5,185,747
2001	5,168,405
2002	5,150,871
2003	5,164,307
2004	5,158,842
2005	5,247,720
2006	5,280,593
2007	5,256,034
2008	15,350,084
2009	15,100,406
2010	22,620,801
2011	22,576,046
Total	82,288,448

Source: Indiana Department of State Revenue.

The Indianapolis PSCDA is subject to two state revenue capture limits. A capture limit equal to \$16 M annually applies to the portion of the PSCDA containing the sports facilities and the convention center. The first \$5 M of this revenue stream pays obligations relating to the construction of Conseco Fieldhouse, with the remainder paying obligations relating to the construction of Lucas Oil Stadium and the expansion of the Indiana Convention Center. A separate capture limit equal to \$8 M annually applies to the portion of the PSCDA containing the specified hotels. This revenue stream can only be used to pay operating expenses on capital improvements that are owned, leased, or operated by the CIB (Conseco Fieldhouse, the Indiana Convention Center, Lucas Oil Stadium, and Victory Field). The revenue capture by the Indianapolis PSCDA must cease by January 1, 2041. Table 3 reports the Indianapolis PSCDA revenue capture by source for FY 2010 and FY 2011.

Table 3: Indianapolis PSCDA Revenue Capture by Source, FY 2010-2011.

	State Income Tax	State Sales Tax	COIT	Food & Beverage Tax	Total
Sports/Convention Facilities*					
FY 2010	9,474,924	3,083,898	2,613,479	308,468	15,480,769
FY 2011	8,915,404	2,921,552	2,447,749	291,341	14,576,046
Hotel Facilities**					
FY 2010	824,555	6,048,329	267,148	-	7,140,032
FY 2011	553,824	7,266,371	179,805	-	8,000,000
Total					
FY 2010	10,299,479	9,132,227	2,880,627	308,468	22,620,801
FY 2011	9,469,228	10,187,923	2,627,554	291,341	22,576,046

*Includes the Colts Practice Center, Consecro Fieldhouse, the Indiana Convention Center, Lucas Oil Stadium, and Victory Field.

**Includes the Marriott Hotel-Downtown, Marriott Place, the Hyatt Regency Hotel, and the Westin Hotel.

Source: Indiana Department of State Revenue.

PSCDAs Outside Marion County

Cities and counties outside Marion County are also authorized to establish a PSCDA, provided the city or county has a professional sports franchise playing the majority of its home games in a facility owned by the city, the county, a school corporation, a county building authority, a capital improvement board, or other specified public entities. The PSCDA must contain the sports facility where the professional team plays its games. In addition, a PSCDA may include convention facilities, an airport, a museum, a zoo, a facility used for nationally significant public attractions, a performing arts venue, a county courthouse that is a registered historic landmark, or a hotel.

A few caveats exist relating to the PSCDA authorization. Current statute prohibits the establishment of any additional PSCDAs by counties or by cities other than 2nd Class cities and the cities of Marion and Westfield. Currently, 2nd class cities and the cities of Marion and Westfield are authorized to establish PSCDAs until January 1, 2013. Second, the Allen County PSCDA is exempt from the requirement that a PSCDA contain a facility where a professional sports team plays its games. Third, in 2008, the Evansville PSCDA was authorized to expand to include a hotel or hotels and the Allen County PSCDA was allowed to expand to include the IPFW campus. As with the Indianapolis PSCDA, any other city or county PSCDA is allowed to include noncontiguous parcels of land.

Tax Revenue Captured by PSCDAs Outside Marion County

Except for the Allen County PSCDA, the PSCDAs outside Marion County are also authorized to capture incremental revenue from Sales Tax, state Income Tax, local option income taxes, and food and beverage tax generated at the convention and sports facilities contained in the PSCDA. The Allen County PSCDA is not allowed to capture revenue from the food and beverage tax. Table 4 reports the revenue captured by the PSCDAs outside of Marion County since their incipience.

Table 4: Total Revenue Captured by PSCDAs Outside of Marion County, FY 1998-2011.

Fiscal Year	Allen County	Evansville	Huntingburg	South Bend	TOTAL
1998	293,236	-	-	48,860	342,096
1999	544,512	21,445	17,034	207,514	790,505
2000	434,317	14,827	16,444	328,071	793,659
2001	471,535	29,026	9,739	337,449	847,749
2002	661,970	31,518	16,512	290,986	1,000,986
2003	987,433	43,195	18,509	304,882	1,354,019
2004	1,065,693	62,124	7,637	391,207	1,526,661
2005	1,036,207	47,748	7,684	349,649	1,441,288
2006	1,104,355	81,523	-	399,458	1,585,336
2007	1,311,467	53,775	-	404,088	1,769,330
2008	1,659,245	74,794	-	428,449	2,162,488
2009	1,687,719	64,955	-	537,814	2,290,488
2010	3,000,000	58,349	-	648,230	3,706,579
2011	3,000,000	48,190	-	490,436	3,538,626
Total	11,257,690	524,931	93,559	4,028,428	98,193,055

Source: Indiana Department of State Revenue.

These PSCDAs are also subject to revenue capture limits. The annual capture limit for the Allen County PSCDA is \$3 M, with the limit applying to the capture of revenue from the Sales Tax, state Income Tax, and local option income taxes. The Allen County PSCDA is allowed to capture revenue until December 31, 2027. The capture limits for the Evansville and South Bend PSCDAs are based on the population contained in the jurisdiction that established the PSCDA. Also, the capture limits for the Evansville and South Bend PSCDAs only apply to the capture of revenue from the Sales Tax and the state Income Tax. The Evansville PSCDA capture limit is \$5 multiplied by the city population, or \$587,145 based on the 2010 Census. The South Bend capture limit is \$6.50 multiplied by the city population, or \$657,592 based on the 2010 Census. The revenue capture in both PSCDAs is allowed for 20 consecutive years. This would extend to 2019 for Evansville and 2018 for South Bend. Table 5 reports the revenue capture by PSCDAs outside of Marion County by source for FY 2010 and FY 2011.

Table 5: Allen County, Evansville, and South Bend PSCDA Revenue Capture by Source, FY 2010-2011.

	State Income Tax	State Sales Tax	COIT	CEDIT	Food & Beverage Tax	Total
Allen County						
FY 2010	1,503,425	1,043,385	271,915	181,275	-	3,000,000
FY 2011	1,690,853	860,500	269,186	179,461	-	3,000,000
Evansville						
FY 2010	13,979	36,751	2,826	-	4,793	58,349
FY 2011	15,612	24,912	2,997	-	4,669	48,190
South Bend						
FY 2010	249,089	346,154	39,740	13,247	-	648,230
FY 2011	149,079	299,791	31,174	10,392	-	490,436

Source: Indiana Department of State Revenue.

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